

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA)	
)	No.
v.)	
)	Violations: Title 18, United States
NASEEM CHAUDHRY)	Code, Sections 1343, 1347 and 2

COUNT ONE

The SPECIAL FEBRUARY 2005-2 GRAND JURY charges:

1. At times material to this indictment:

a. Medicare was a national health insurance program pursuant to Title 18 of the Social Security Act. The Centers for Medicare and Medicaid Services (“CMS”) was a federal agency within the United States Department of Health and Human Services (“HHS”), which administered the Medicare program through its contractors. Medicare provided free or below-cost health care benefits to certain eligible beneficiaries, primarily persons who were sixty-five years of age and older.

b. Medicare Part A helped pay for medically necessary inpatient hospital care, including medically necessary testing. Medicare Part B helped pay for certain medically necessary physician services, outpatient services, and other medical services.

c. Defendant NASEEM CHAUDHRY was a psychiatrist licensed in the State of Illinois who owned Nehal Psychiatric Group (“Nehal”), located at 6800 Main Street, Downers Grove, Illinois, and practiced psychiatry at Integrated Health Center (“Integrated”), located at 30 S. Phelps Ave., Romeoville, Illinois. Nehal and Integrated submitted claims to and were paid by Medicare for services performed by defendant CHAUDHRY and others.

d. Rock Creek Center was a licensed in-patient psychiatric facility located in Lemont, Illinois.

e. Defendant CHAUDHRY practiced psychiatry as the Medical Director at Rock Creek Center from 1998 thru late 1999. Defendant CHAUDHRY served as the Assistant Medical Director at Rock Creek Center from late 1999 until the facility closed in September 2002. In addition to his responsibilities at Rock Creek Center, defendant CHAUDHRY also treated patients at nursing facilities and hospitals located at various locations in the Northern District of Illinois.

f. Defendant CHAUDHRY was a Medicare provider authorized to submit claims to the Medicare Part B program for certain medically necessary psychiatric and psychotherapy services provided to Medicare beneficiaries.

g. The Health Care Financing Administration (“HCFA”) was a federal agency within the United States Department of Health and Human Services (“HHS”). HCFA administered the Medicare program through its contractors.

h. At all relevant times beginning on or about August 3, 1998, HCFA administered the Medicare program through contractor Wisconsin Physician Service (“WPS”). WPS reviewed and processed Medicare Part B claims submitted for physician services, including certain psychiatric and psychotherapy services, for Medicare beneficiaries in the State of Illinois. WPS made payments on those claims which appeared, based on information provided by authorized Medicare providers, to be eligible for reimbursement under the Medicare program. Such payments involved federal funds.

I. Medicare authorized payment for psychiatric, psychotherapy and physician services only if those services were actually provided, and were “medically necessary,” that is,

services were required because of disease, disability, infirmity or impairment. Medicare would not pay services and treatment that were not actually provided or for which the patient did not meet the criteria necessary to justify the claimed service or treatment.

j. The American Medical Association has established certain codes, known as the Physicians' Current Procedural Terminology (CPT) system, for identifying and referring to medical services and procedures performed by psychiatrists and other physicians. CPT codes are widely used by health care providers and insurers, including Medicare. Among other things, CPT codes identify specific procedures and the amount of time ordinarily required to perform such procedures.

k. Among the published rules, regulations and procedures relating to Medicare were regulations regarding the types of evaluation and management, psychiatric, and psychotherapy services which could be billed to Medicare. These regulations included various CPT Codes governing visits by physicians who provided evaluation and management and psychotherapy services. For example, some of the relevant psychiatric services CPT codes required face-to-face therapy sessions between the physician and the patient and/or family of up to 30 minutes (99238), at least 35 minutes (CPT Code 99233 and 99313), or 30 to 60 minutes (CPT Code 90801), depending on the severity of the patient's problem, and a 70-minute initial comprehensive examination and history of a patient when the patient was first admitted to an in-patient facility (99223).

l. HCSC and WPS, on behalf of HHS/HCFA, adjudicated and processed claims submitted by psychiatrists and other physician providers on "Health Insurance Claims Forms" ("HCFA Form 1500").

m. HCSC and WPS, on behalf of Medicare, made Medicare program payments to psychiatrists and other physician providers based upon information provided on the HCFA Forms 1500, including, among other things, specific CPT codes representing claimed treatment, a description of the therapy provided to specified Medicare beneficiaries, and the dates on which the claimed therapy was given. On each such form, the authorized service provider submitting a claim had to certify that the services and procedures claimed on the form were medically necessary and that all the information provided on the HCFA Form 1500 regarding the claimed services and procedures was true.

n. A provider of medical and clinical services, including licensed psychiatrists such as defendant CHAUDRY was obligated to provide honest services and care for the benefit of the patients on whose behalf Medicare payments were made, as opposed to providing services driven by a desire to enhance the provider's income.

2. Beginning no later than in or about January 1999 and continuing until at least in or about November 2001, at Downers Grove and Romeoville, in the Northern District of Illinois, Eastern Division, and elsewhere,

NASEEM CHAUDHRY,

defendant herein, together with others known and unknown to the Grand Jury, devised, intended to devise, and participated in a scheme and artifice to defraud Medicare, HCFA and HHS and obtain money and property from Medicare, HCFA and HHS, by means of materially false and fraudulent pretenses, representations, and promises, which scheme is further described below.

Description of Scheme

3. It was part of the scheme that defendant CHAUDHRY: (a) falsely and fraudulently billed Medicare by representing that he had personally provided evaluation and management and psychotherapy services which defendant CHAUDHRY knew, in fact, were never provided; and, (b) falsely and fraudulently inflated certain bills to Medicare by claiming that he provided more complex evaluation and management and psychotherapy services than were actually provided. By the above means, defendant CHAUDHRY fraudulently obtained a total of approximately \$875,881 in Medicare reimbursements for claims he submitted or caused to be submitted.

4. It was part of the scheme that on certain days, defendant CHAUDHRY billed Medicare for over 16 hours of services he allegedly provided in a single day, and on other days, defendant CHAUDHRY billed Medicare for over 24 hours of services he allegedly provided in a single day, when in fact defendant CHAUDHRY knew that he did not provide all of those services on those days.

5. It was further part of the scheme that defendant CHAUDHRY routinely prepared and caused to be prepared, and submitted and caused to be submitted to Medicare, certain claims for evaluating and managing patient care that were “up-coded,” meaning services that were performed in an inpatient psychiatric facility that were submitted as if defendant CHAUDHRY had performed a more complex service, when in truth and fact defendant CHAUDHRY well knew he had performed a less complex service for which Medicare reimbursed at a lower rate. Through this and other up-coding, Medicare reimbursed defendant CHAUDHRY at a higher reimbursement rate than if he had properly billed for the service he actually provided.

6. It was further part of the scheme that defendant CHAUDHRY admitted to Rock Creek Center and other inpatient facilities patients whom he knew did not qualify for placement at those facilities because there was no medically necessary reason to admit them, so he could prepare and cause to be prepared, and submit and cause to be submitted, bills for subsequent hospital care that was not medically necessary or appropriate. Defendant CHAUDHRY routinely kept these patients in the facility for long periods of time, without medically necessary reasons for doing so, so he could bill Medicare for additional services he claimed to provide to these patients.

7. It was a further part of the scheme that defendant CHAUDHRY routinely did not perform psychiatric diagnostic interview examination on patients upon admission to Rock Creek Center (CPT code procedure 90801), yet he routinely prepared and caused to be prepared, and submitted and caused to be submitted, bills to Medicare for this procedure when the services had not been provided.

8. It was further part of the scheme that defendant CHAUDHRY submitted and caused to be submitted to Medicare claims for reimbursement for providing comprehensive psychotherapy and high-level decision-making services to the patients he admitted to Rock Creek center, when in fact he did not perform those services.

9. It was further part of the scheme that defendant CHAUDHRY routinely submitted and caused to be submitted to Medicare claims for reimbursements for personally providing psychotherapy and psychiatric services to certain patients at Rock Creek Center, when in truth and fact defendant CHAUDHRY did not personally provide the specified services to the specified patients, and in some instances, was not even in the United States on the dates when he falsely represented to Medicare that he personally provided these services.

10. It was further part of the scheme that defendant CHAUDHRY misrepresented, concealed, hid and caused to be misrepresented, concealed and hidden, the purposes of and acts done in furtherance of the scheme.

11. On or about December 26, 2001, at Downers Grove, in the Northern District of Illinois, Eastern Division,

NASEEM CHAUDHRY,

defendant herein, knowingly and willfully executed and attempted to execute the above-described scheme to defraud a health care benefit program, namely, Medicare, by submitting and causing to be submitted to WPS Medicare reimbursement claim Number 0301360052620 for Patient A, for services defendant claimed to provide on September 29, 2001, defendant then knowing that the evaluation and management service identified in the billing documents had not been provided to Patient A on that day;

In violation of Title 18, United States Code, Sections 1347 and 2.

COUNT TWO

The SPECIAL FEBRUARY 2005-2 GRAND JURY further alleges:

1. Paragraphs 1 through 10 of Count One of this indictment are realleged and incorporated as though fully set forth herein.

2. On or about August 6, 2001, at Downers Grove, in the Northern District of Illinois, Eastern Division,

NASEEM CHAUDHRY,

defendant herein, knowingly and willfully executed and attempted to execute the above-described scheme to defraud a health care benefit program, namely, Medicare, by submitting and causing to be submitted to WPS Medicare reimbursement claim Number 0301218043670 for Patient B, for services defendant claimed to provide on June 26, 2001, defendant then knowing that he provided Patient B with a less complex service for which defendant was only entitled to reimbursement in a lesser amount;

In violation of Title 18, United States Code, Sections 1347 and 2.

COUNT THREE

The SPECIAL FEBRUARY 2005-2 GRAND JURY further alleges:

1. Paragraphs 1 through 10 of Count One of this indictment are realleged and incorporated as though fully set forth herein.
2. On or about October 1, 2001, at Romeoville, in the Northern District of Illinois, Eastern Division,

NASEEM CHAUDHRY,

defendant herein, knowingly and willfully executed and attempted to execute the above-described scheme to defraud a health care benefit program, namely, Medicare, by submitting and causing to be submitted to WPS Medicare reimbursement claim Number 0901274265600 for Patient C, for services defendant claimed to provide on July 9, 2001, defendant then knowing that the psychiatric diagnostic interview examination identified in the billing documents had not been provided to Patient C on that day;

In violation of Title 18, United States Code, Sections 1347 and 2.

COUNT FOUR

THE SPECIAL FEBRUARY 2005-2 GRAND JURY FURTHER ALLEGES:

1. Paragraphs 1 through 10 of Count One of this indictment are realleged and incorporated as though fully set forth herein.

2. On or about August 16, 2001, at Downers Grove, in the Northern District of Illinois, Eastern Division,

NASEEM CHAUDHRY,

defendant herein, knowingly and willfully executed and attempted to execute the above-described scheme to defraud a health care benefit program, namely, Medicare, by submitting and causing to be submitted to WPS Medicare reimbursement claim Number 0201228059380 for Patient D, for services defendant claimed to provide on March 10, 2001, defendant then knowing that he provided a less complex service to Patient D for which defendant was only entitled to reimbursement in a lesser amount;

In violation of Title 18, United States Code, Sections 1347 and 2.

COUNT FIVE

THE SPECIAL FEBRUARY 2005-2 GRAND JURY FURTHER ALLEGES:

1. Paragraphs 1 through 10 of Count One of this indictment are realleged and incorporated as though fully set forth herein.

2. On or about May 29, 2001, at Downers Grove, in the Northern District of Illinois, Eastern Division,

NASEEM CHAUDHRY,

defendant herein, knowingly and willfully executed and attempted to execute the above-described scheme to defraud a health care benefit program, namely, Medicare, by submitting and causing to be submitted to WPS Medicare reimbursement claim Number 0201137123060 for Patient E, for services defendant claimed to provide on January 11, 2001, defendant knowing that he did not provide such services, on a day for which he billed or caused to be billed Medicare for 27.08 hours of services on that date;

In violation of Title 18, United States Code, Sections 1347 and 2.

COUNTS SIX THROUGH FOURTEEN

The SPECIAL FEBRUARY 2005-2 GRAND JURY further charges:

1. Paragraphs 1 through 10 of Count One of this indictment are realleged and incorporated as though fully set forth herein.

2. On or about the dates set forth below, each such date constituting a separate count of this indictment, at Downers Grove, in the Northern District of Illinois, Eastern Division, and elsewhere,

NASEEM CHAUDHRY,

defendant herein, knowingly and willfully executed and attempted to execute the above-described scheme to defraud a health care benefit program, namely, Medicare, by causing Medicare to reimburse defendant CHAUDHRY for the following amounts on the following dates:

COUNT	DATE	WPS PAYMENT #	AMOUNT
6	May 29, 2001	880644481	\$12,805.45
7	May 29, 2001	880644482	\$9,360.30
8	August 7, 2001	880676513	\$11,735.88
9	August 13, 2001	880678441	\$13,661.46
10	August 13, 2001	880678442	\$9,376.81
11	August 27, 2001	880685064	\$13,859.91
12	August 31, 2001	880687477	\$8,141.79
13	November 12, 2001	880724438	\$19,155.71
14	May 24, 2002	880824193	\$9,832.02

In violation of Title 18, United States Code, Sections 1347 and 2.

FORFEITURE ALLEGATION

The SPECIAL FEBRUARY 2005-2 GRAND JURY further charges:

1. The Grand Jury realleges and incorporates here by reference the allegations of Count One of this Indictment for the purpose of alleging forfeiture pursuant to Title 18, United States Code, Section 982.

2. As a result of the violations of Title 18, United States Code, Section 1347 which relate to a health care benefit program, as alleged in the foregoing Indictment,

NASEEM CHAUDHRY,

defendant herein, shall forfeit to the United States, pursuant to Title 18, United States Code, Section 982(a)(7), any and all right, title, and interest they may have in any property, real and personal, constituting, and derived from, proceeds obtained directly and indirectly, from fraudulent transactions involving the scheme described in Counts One through Fourteen, which property is subject to forfeiture pursuant to Title 18, United States Code, Section 982(a)(7).

3. The interests of defendant NASEEM CHAUDHRY subject to forfeiture pursuant to Title 18, United States Code, Section 982, include all money and other property that was: the subject of each fraudulent transaction; constituted and derived from the proceeds of each fraudulent transaction; and obtained directly and indirectly as a result of any fraudulent transaction, including but not limited to \$875,881.

4. If any of the forfeitable property described above, as a result of any act or omission by the defendant NASEEM CHAUDHRY:

- i. Cannot be located upon the exercise of due diligence;
- ii. Has been transferred or sold to, or deposited with, a third party;

- iii. Has been placed beyond the jurisdiction of the Court;
- iv. Has been substantially diminished in value; or
- v. Has been commingled with other property which cannot be divided without difficulty,

the United States of America shall be entitled to forfeiture of substitute property under the provisions of Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1)(B).

All pursuant to Title 18, United States Code, Section 982.

A TRUE BILL:

FOREPERSON

UNITED STATES ATTORNEY